GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3057
ANSWERED ON:16.03.2001
FALL IN THE INTEREST RATE OF SMALL SAVINGS
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Will the Minister of FINANCE be pleased to state:

(a) whether the continuous fall in the interest rate, the investors particularly small investors are facing dilemma;

(b) if so, the details thereof;

(c) whether the number of financial institutions opted for premature redemption of bonds of investors;

(d) if so, the number of deep discount bonds redeemed by IDBI, IFCI and ICICI; and

(e) the steps being taken by the Government to adopt middle path to bring the interests of small investors and give boost to economy?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) The small savings schemes of the Government of India enjoyinvestor confidence even after revision of interest rates as the risk-return equation of these schemes is still favourable. There has been increase in the collections under small savings schemes including Public Provident Fund after revision of interest rates with effect from 1.1.1999 and 15.1.2000.

(c) & (d) The information is being collected and will be laid on the Table of the House.

(e) Small savings schemes offer Government guarantee, attractive returns, tax incentives, easy liquidity and accessibility. The interest rates on small savings are periodically adjusted to align with the comparable rates prevalent in the market.